



**Appropriations Committee Public Hearing  
February 20, 2013**

Department of Housing Budget  
Public housing PILOT and Low-Income Housing Tax Abatement Programs

Testimony of Betsy Crum, Executive Director

Senator Harper, Representative Walker, and Members of the Appropriations Committee:

Thank you for the opportunity to testify before you this evening. My name is Betsy Crum, and I am the Executive Director of the Connecticut Housing Coalition. The Connecticut Housing Coalition represents the broad, vibrant network of community-based affordable housing activity across the state. Our more than 250 member organizations include nonprofit developers, human service agencies, resident associations, and diverse other housing practitioners and advocates. Founded in 1981, the Coalition works to expand housing opportunity and to increase the quantity and quality of affordable housing in Connecticut.

I would like to speak to you today about the Department of Housing Budget.

**SUPPORT - Establishment and Funding for the Department of Housing:**

First, it has been my honor and pleasure to have participated as a member of the Interagency Council on Affordable Housing over the past six months, and to have represented our broad membership on that committee. The new Department of Housing approved during 2012 and implemented in H.B. 6350, An Act Concerning the Budget for the Biennium Ending June 30, 2015, will provide leadership and vision around housing, and will coordinate the implementation and leveraging of the significant resources committed by the Governor and General Assembly. The new Department's mission – to "provide centralized leadership and a comprehensive approach to eliminating homelessness and meeting the needs of low- and moderate-income individuals, families and communities in Connecticut for quality and sustainable housing by enhancing the supply of, and access to, safe and affordable housing and by collaborating with other agencies to improve the infrastructure of neighborhoods and communities" - is spot-on. This new Department will:

- **Consolidate State housing programs:** The systems for funding housing and community development have been fragmented and bureaucratic for many years. The programs that will be transferred into the new Department demonstrate a thoughtful, important step toward better coordination and investment of resources. Consolidating housing



production, operating and financing will enhance productivity, maximize leveraging and ensure a more comprehensive approach to meeting housing goals.

- Change the State's housing delivery system: The new Department will put in place policies that transform our housing delivery system to focus on comprehensive solutions and outcomes, bringing together all available resources to solve housing needs in Connecticut. It also has the potential to be a true "one-stop" for housing resources in the state. Housing providers and consumers would have access to funding from the various resource "pots" rather than chasing after isolated programs. The new Department of Housing can truly transform the way housing is accomplished in Connecticut.

I would like to express my strong support for the creation of this Department and the transfer of programs and related funding to it.

**OPPOSE: Cutting Public housing PILOT and Low-income Housing Tax Abatement Programs:**

In addition to creating a Department of Housing, the Governor's Budget proposal signals sustained and significant investment in revitalizing our current stock of state-financed affordable housing and creating new affordable housing for families, senior citizens, and people with disabilities. This great commitment to the health, prosperity and sustainability of our state and to the well-being of all of the citizens within our state is exciting, and the housing and community development industry in Connecticut stands ready to work in partnership with the state to build and renovate housing that is high quality, small scale, well-managed and responsive to local needs and conditions.

However, the budget as proposed eliminates a very significant element of the affordable housing network, funding for the Public Housing Payment in Lieu of Taxes (PILOT) Program (\$1,873,400) and the Low-Income Housing Tax Abatement Program (\$1,444,646). These programs keep state-financed public housing and non-profit housing developments affordable for their lowest income residents by paying a portion of the municipal property tax that would otherwise be carried by the property. Contrary to what some believe, non-profit and public housing developments are *not* tax-exempt, and in fact are mandated to pay property taxes. The PILOT and Tax Abatement Programs compensate municipalities for abating those taxes, which reduces operating costs and, therefore, the rent that tenants pay. There are no other sources of support for this.

The loss of funding from the state PILOT and Tax Abatement Programs will, in nearly all cases, be passed along to the low and extremely low income residents who live in these developments. We have calculated that rents in state public housing will go up an average of



\$70 per month or more per apartment; in non-profit owned housing, the loss of Tax Abatement Program payments will potentially increase rents by as much as \$150. These increases will be imposed on those families that are least able to afford it, and their monthly housing costs will far exceed the affordability standard of 30% of their household income.

The proposed elimination of this relatively small amount of funding will have a big impact. It will affect 3,559 public housing units in 18 communities and 6,175 non-profit owned affordable housing units in 14 municipalities. With all of the support for and recognition of the central role that housing plays in our communities and our state, it is crucial that we also keep the existing affordable housing stock affordable. Please consider restoring these line items in the Department of Housing budget.

Thank you for the opportunity to testify before you today.

